



Board of Governors of the Federal Reserve System

June 30, 2022

Regs.comments@federalreserve.gov

Re: **Docket No. R-1769 – RIN 7100-AG29**

GeoDataVision Comments #2

Community Reinvestment Act

To whom it may concern,

We submit our second set of comments regarding the CRA NPR. In these comments we point out what appears to be an inconsistency regarding affordable housing explanations in the preamble to the proposed rule and the wording in the proposed Rule.

In the section regarding B Affordable Housing, the Agencies discuss, *“there is often no consistent way to confirm renter income for these properties, in contrast to properties receiving government subsidies. The proposed definition seeks to address this by clarifying that this category of affordable housing can receive CRA credit if it meets a specified set of applicable standards (see Page 43).*

The NPR then goes on to list those standards on page 44:

Page 44

First, in order to qualify under this prong of the proposed definition, the agencies propose that the rent for the majority of the units in a multifamily property could not exceed 30 percent of 60 percent of the area median income for the metropolitan area or nonmetropolitan county. These rental amounts would need to reflect the rents used by the bank to underwrite the property, including post-construction or post-renovation monthly rents. Second, naturally occurring affordable housing would also need to meet at least one of the following criteria in order to increase the likelihood that units benefit low- or moderate-income individuals: (i) the housing is located in a low- or moderate-income census tract; (ii) the housing is purchased, developed, financed, rehabilitated, improved, or preserved by a non-profit organization with a stated mission of, or that otherwise directly supports, providing affordable housing; (iii) there is an explicit written pledge by the property owner to maintain rents affordable to low- or moderate-income individuals for at least five years or the length of the financing, whichever is shorter; or (iv) the bank provides documentation that a majority of the residents of the housing units are low- or moderate-income individuals or families, for example documentation that a majority of residents have Housing Choice Vouchers.

The second condition within the foregoing standards explicitly states, “*Second, naturally occurring affordable housing would also need to meet at least one (emphasis added) of the following criteria . . .*” That language clearly says only one of the listed criteria need be met. However, in the Proposed Rule on page 482, the language is written indicating that either 3 conditions must be fulfilled, or a fourth condition met to fulfill the qualification for naturally occurring affordable housing. If the language in the proposed rule were consistent with the explanation in the preamble there should be an “or” between the listed conditions (see snippet below) taken from § \_\_.13 Community development definitions, (b)(2) Multifamily rental housing with affordable rents.

Page 482

(2) *Multifamily rental housing with affordable rents.* Rents are deemed affordable for purchased, developed, financed, rehabilitated, improved, or preserved multifamily rental housing if, for the majority of the units, the monthly rent as underwritten by the bank, reflecting post-construction or post-renovation changes as applicable, does not exceed 30 percent of 60 percent of the area median income for the metropolitan area or nonmetropolitan county, and:

- (i) The housing is located in a low- or moderate-income census tract;
- (ii) The housing is purchased, developed, financed, rehabilitated, improved, or preserved by any non-profit organization with a stated mission of, or that otherwise directly supports, providing affordable housing;
- (iii) The property owner has made an explicit written pledge to maintain affordable rents for low- or moderate-income individuals for at least five years or the length of the financing, whichever is shorter; or
- (iv) The bank provides documentation that a majority of the housing units are occupied by low- or moderate-income individuals or families.



Naturally occurring affordable housing is a very important topic that the NPR is attempting to address and to create more certainty regarding qualifying factors. Therefore, we suggest that the wording in the Rule be amended to insert an “or” between subsections (i), (ii) and (iii) to be consistent with the intent of the proposed regulation as explained in the preamble.

We intend to submit more comments before August 5.

Respectfully,

*Len Suzio*

Leonard F. Suzio Jr., President



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